

**Delaware Renewable Energy Taskforce**  
**Tuesday, November 27, 2018**  
**9:30 a.m. – 11:00 a.m.**  
**DNREC State Street Commons Training Room**  
**100 W. Water Street, Suite 6A**  
**Dover, DE 19904**

**Meeting Minutes**

Members and alternates:

Rob Underwood, Acting Chair, DNREC Division of Climate, Coastal, and Energy	Present
Tom Noyes, DNREC Division of Climate, Coastal, and Energy (Alternate)	Present
Glenn Moore, Delmarva Power	Present
Dale Davis, Delaware Solar Energy Coalition	Present
Pam Knotts, Public Service Commission	Present
Raj Barua, Public Service Commission	Absent
Lyris Cullinan, DuPont, Renewable energy research & development industry	Absent
Dave Holleran, Local renewable energy manufacturing industry	Present
Mark Nielsen, Delaware Electric Cooperative (Alternate)	Present (ph)
Scott Lynch, Delaware Municipal Electric Corporation (Alternate)	Present
Drew Slater, Public Advocate	Present (ph)
Andrea Maucher, Public Advocate (Alternate)	Present
Steve Hegedus, Environmental advocacy organizations	Present
Senator Harris McDowell, Sustainable Energy Utility	Absent
Tony DePrima, Sustainable Energy Utility (Alternate)	Present

**Also present:**

Kevin Quilliam, Incline

David Stevenson, consultant to the Public Advocate

**Welcome and Introductions**

Rob Underwood opened the meeting at 9:32 AM.

**Review of Agenda**

The agenda was reviewed and approved.

**Approval of Minutes from November 7, 2018**

The Taskforce reviewed the minutes from the November 7, 2018 meeting. Dale Davis moved the minutes be approved. Glenn Moore seconded the motion. The minutes were approved, with one abstention from Drew Slater, who said that he did not have enough time to review them.

**Presentation by Steve Hegedus on Value of Solar Studies**

Steve Hegedus gave a presentation summarizing the results of several studies on the value (economic and others) distributed solar provides to ratepayers, utilities, and states. According to the examined studies, the benefits of distributed solar outweigh the costs by a ratio of roughly 2-to-1.

Tony DePrima asked if the results of any of these studies ever changed state policy or RPS in other states. Steve Hegedus said that studies like these are usually either requested in response to controversy, or done proactively by state agencies seeking detailed data. He said that in Arizona and Nevada, there were proposals to curtail solar incentives or add a fixed cost to solar project owners to resolve the perceived issue of cost shifting. This proposal in Arizona was later overturned because by the study results showing that the perceived cost shifting was not taking place.

Scott Lynch said that the RPS encourages more solar, more kWh production, and more RECs, but may not necessarily consider system economics. He pointed out that at the Dover Sun Park, peak production occurred at noon but more economic benefit to the utility was realized around 5 p.m. due to coincident peak (CP) savings, even though the system produced 95% fewer kWh at 5 p.m. time than at solar noon. He said it is important to consider how to maximize solar production in order to comply with the RPS, but also evaluate solar with different priorities when considering the economic benefits.

Glenn Moore said that there are other reasons people choose to install solar, and reducing peak demand is not the main value of solar.

Dale Davis said that achieving CP savings is challenging even for systems facing due west and there is currently no incentive to reduce CP because it reduces demand only slightly. He said that system owners would need to be incentivized to reduce CP because it would lower kWh production.

Steve Hegedus said that it is important to consider the party in question when determining who receives value from installing solar, because the answer is different for different groups (homeowners, utilities, states).

Glenn Moore said that value to utilities is equal to value to customers, since savings is passed along to ratepayers. He also said while the costs of the RPS are obvious, but we are not good at communicating the benefits to the ratepayers. He said it is important to educate the customer about savings that result from renewables, because it is not on the customer's bill—there is no line item saying that a certain amount of money was saved in a given month due to reduced transmission charges from solar.

Pam Knotts added that there is no amount subtracted from the bill, so it is hard to see that anything was saved.

Tony DePrima asked if studies like the ones presented are used in calculating the cost cap. Tom Noyes said this is a question for the PSC, since they are promulgating cost cap regulations. Dale Davis said that the soon-to-be published regulations do not include externalities. Andrea Maucher said externalities are not included because the cost cap legislation did not allow for externalities. Pam Knotts said the proposed regulation has a formula that says explicitly what should be included in calculating the cost cap. Rob Underwood confirmed that DNREC makes the calculation and must use the formula in the PSC regulation, with no leeway to include externalities.

Dave Stevenson said he could argue that the benefits listed in the presentation were exaggerated. He also said that when deciding between distributed solar and utility-scale solar, people invest based on hard costs rather than soft costs, and that utility-scale solar is one-third the cost of distributed solar, but utility-scale solar is not being built in Delaware. He asked what the Taskforce can do to get more utility-scale solar projects in Delaware, since he said it is one-third the cost of distributed solar.

Glenn Moore said that while utility-scale appears cheaper, the value of solar studies show the benefits of distributed solar greatly exceed higher installation cost. Dave Stevenson argued that the benefits of distributed solar are exaggerated. Dale Davis said that there is less utility-scale solar in Delaware because the barrier of entry is higher and requires commitment from the utility.

Glenn Moore said that utility-scale solar development is an issue that has been raised at Delmarva Power. He said several things needed to be considered. First, Delmarva Power made a commitment not to fund utility-scale projects several years ago. Second, Delmarva Power would have to consider the process of gaining PSC approval for a 5-10MW system. Finally, the Taskforce should consider the impact utility-scale projects would have on the SREC market and the potential to crowd out small-scale projects. It is not as simple as just deciding that utility-scale solar projects are cheaper than distributed solar.

Andrea Maucher said that assumed the only source of incentives for solar is the utility and proposals like increasing the RPS would increase costs for Delmarva Power customers only. She said that other potential funding sources are available, like taxpayer money and RGGI dollars.

Rob Underwood stated that in the interest of time, the Taskforce would move to the next item on the agenda, but could revisit the discussion on solar later.

#### **Discussion of next SREC Auction**

Rob Underwood opened discussion on the design of the next SREC Auction.

Tom Noyes introduced the two strawman models (a clean copy, free of edits, and an annotated copy, showing what had been changed since the last meeting), summarized the changes, and requested feedback from the Taskforce members.

Glenn Moore requested that the rules on backfilling N-1 be corrected from “lowest non-winning bids in N-2, N-3, and Tier 4, then Tier 5” to “lowest non-winning bids in N-2, N-3, then Tier 4, then Tier 5” (the same change was needed for N-2 and N-3). Dale Davis agreed. No objections were made.

Steve Hegedus asked how the number of SRECs for each tier was decided. Glenn Moore said that the numbers came from the solar industry, and have been set for a couple years now, with the most recent change being the addition of another 5,000 guaranteed SRECs and 5,000 purely discretionary SRECs a few years ago. Dale Davis noted that N-1, N-2, and N-3 used to total 7,000 SRECs, but each individual group had the same proportion of total SRECs.

Andrea Maucher asked how many SRECs the average residential system produces in a year. Dale Davis estimated this number at roughly 12-15 SRECs per year. Kevin Quilliam estimated there were roughly 375 winning bids last year. Dale Davis confirmed the exact number at 368, with 60 non-winning bids. Pam Knotts confirmed the average system produces 11.35 SRECs

Glenn Moore suggested simplifying the definition of a new system from “no older than 2 years from the date of the 2017 auction (June 9, 2017)” to “not interconnected prior to June 9, 2017”. Dale Davis agreed. There were no objections.

Rob asked other Taskforce members if they had any final comments on the strawman. Glenn Moore made a motion to approve the changes to the strawman. Dave Holleran seconded the motion. Pam Knotts said she was not prepared to vote as a representative of the PSC Staff. Andrea Maucher asked if

it was a problem that the vote was not listed on the agenda. Drew Slater said that the meeting agenda did not indicate that the Taskforce would be voting on the approval of the strawman. Since he did not have enough time to review the documents before the meeting, he would be voting no. After discussion, the Taskforce agreed to table the vote until all members reviewed the edits to the strawman document and were fully prepared for the vote. The vote was postponed to the next meeting and Rob Underwood confirmed that the vote would be clearly noted on the agenda.

Glenn Moore said that he would submit the strawman document to Delmarva Power's lawyers so they could start drafting the legal documents in advance of the Taskforce vote since only minor changes were made to the auction design used in 2018. He did not expect that delaying the vote for a week or two until all Taskforce members were comfortable would delay the auction date since the lawyers would be able to get started.

Tom Noyes said that DNREC staff would send a Doodle poll to the Taskforce members to schedule another meeting. Scott Lynch said that DEMEC staff would not be available for a vote on December 4.

Dale Davis asked if the Taskforce was officially adopting Robert's Rules of Order, even though it has proceeded in a more relaxed manner in the past. Drew Slater said it is important to give notice when a vote will be made, especially given the state Sunshine law.

Dale Davis confirmed that his comments can be struck from the final version of the strawman.

Tony DePrima said that some of the footnotes on the strawman are confusing, and that only the items that are going to be voted on should be included in the table. He said it would be helpful if the document clearly listed what has changed and listed what will be voted on in a separate section outside of the table. Glenn Moore said the strawman should only list the items that are changes from the previous auction rules.

Steve Hegedus said he prefers receiving a copy of the strawman with annotations, in order to see what has changed since the last version.

Rob Underwood said that DNREC will make the discussed edits to the strawman and redistribute the final document as soon as possible.

#### **Public Comment**

No public comments were made.

#### **Final Comments from Taskforce members**

Pam Knotts asked about the status of the Exelon merger requirement for Delmarva Power to add 5 MW of renewable energy by December 31, 2019. Glenn Moore said he would find out more information and give an update at the next meeting.

Andrea Maucher asked the status of Delmarva Power's wind RFP. Glenn Moore said that the final documents were being signed, and that everything should be put into place shortly. Glenn Moore also said that Delmarva Power is close to breaking out the \$4 million in energy efficiency funding.

#### **Final Comments from Taskforce Chair**

Rob Underwood adjourned the meeting at 10:47 AM.